

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
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C O N F I D E N T I A L USBERLIN 0647

E O 11652: GDS
TAGS: EIVN PINT WB
SUBJ: SENAT PLANS TO STIMULATE US INVESTMENT IN BERLIN

SUMMARY: STOBBE HAS OUTLINED FOR MISSION OFFICERS HIS PREFERRED PLAN FOR PROMOTING US INVESTMENT IN BERLIN. MAJOR THRUST OF HIS PLAN INVOLVES IDENTIFYING POTENTIAL INVESTORS THROUGH PROFESSIONAL RESEARCH BY US MARKETING COMPANY AND/OR BANKS AND SENDING DELEGATION OF EXPERTS TO US TO CONTACT MOST PROMISING BUSINESS PROSPECTS AND "SELLING" BERLIN AS FAVORABLE INVESTMENT SITE. END SUMMARY.

1. DURING DISCUSSION WITH MISSION OFFICERS BECKER AND SEMLER AND DEPT OFFICER CHESTER MARCH 15, BERLIN GOVERNING MAYOR DIETRICH STOBBE OUTLINED IN SOME DETAIL THE APPROACH HE WOULD LIKE TO FOLLOW IN IDENTIFYING AND RECRUITING US BUSINESS ENTERPRISES FOR INVESTMENT IN BERLIN. AS A GENERAL OBSERVATION, STOBBE NOTED THAT FOR HIS PLAN TO BE SUCCESSFUL, TIME, EFFORT AND MONEY MUST BE INVESTED BOTH BY GOVERNMENT OFFICIALS AND PRIVATE FIRMS IN BERLIN. IT SHOULD BE
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CLEAR TO EVERYONE FROM THE OUTSET, STOBBE STRESSED, THAT ANY SERIOUS EFFORT TO BRING NEW FIRMS AND ANY MONEY TO THE CITY WILL TAKE TIME AND WILL RESULT IN MANY, MANY DISAPPOINTMENTS BEFORE THERE IS REAL SUCCESS. A REALLY PROFESSIONAL APPROACH IS NEEDED.

2. STOBBE BELIEVES THE SENAT MUST LOCATE A TOP-RATE

PROFESSIONAL US MARKETING AND PUBLIC RELATIONS FIRM OR PERHAPS A BANK WHICH CAN IDENTIFY BY INDUSTRIAL SECTOR AND GEOGRAPHIC REGION IN THE UNITED STATES UP TO 1000 BUSINESS ENTERPRISES WHICH ARE POTENTIAL OVERSEAS INVESTORS, OR WHICH ALREADY HAVE SOME OPERATIONS IN THE FEDERAL REPUBLIC OR WEST BERLIN. THIS LIST OF FIRMS WOULD PROVIDE A BASIS FOR CONTACTS EITHER DIRECTLY FROM THE SENAT OR VIA THE MARKETING FIRM TO ESTABLISH WHETHER THE FIRMS THEMSELVES ARE AWARE OF INVESTMENT POSSIBILITIES IN BERLIN OR HAVE ANY POTENTIAL FOR INVESTING IN THE CITY. HE MENTIONED THAT IN A RECENT DISCUSSION WITH A US BANK PRESIDENT, THE LATTER WAS ASTOUNDED TO LEARN OF THE TAX ADVANTAGES PROVIDED TO INVESTORS IN BERLIN.

3. AFTER THIS INITIAL SCREENING, STOBBE BELIEVES A SPECIAL DELEGATION OF EXPERTS FROM THE CITY, TO INCLUDE REPRESENTATIVES OF BERLIN INDUSTRY, BANKS, THE GOVERNMENT, AND THE NEWLY ESTABLISHED ECONOMIC PROMOTION ASSOCIATION (WIRTSCHAFTS FOERDERUNGSGESELLSCHAFT) SHOULD VISIT SELECTED FIRMS;

- (A) TO DESCRIBE INVESTMENT ADVANTAGES IN BERLIN, AND,
- (B) TO ENCOURAGE INVESTMENT IN THE CITY.

STOBBE HAD NO GRANDIOSE ILLUSIONS ABOUT THE SUCCESS RATE OF SUCH ENDEAVOR. HE SAID HE WOULD CONSIDER IT AN OVERWHELMING SUCCESS IF ONLY 50 FIRMS (5 PCT) OF THE TARGETED 1000 FIRMS ULTIMATELY BROUGHT INVESTMENT OR BUSINESS TO BERLIN.

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4. COMMENTING ON THE ECONOMIC PROMOTION ASSOCIATION, STOBBE SAID THE SENAT HAS IDENTIFIED HERR HEINZ ACKE, CURRENTLY THE HEAD OF WESER A.G., A KRUPP SUBSIDIARY IN BREMEN, AS THE MAN TO LEAD BUSINESS PROMOTION EFFORTS FOR BERLIN. STOBBE SAID, HOWEVER, THAT THE SENAT WAS EXPERIENCING DIFFICULTIES IN GETTING THE COMPANY TO RE-LEASE ACKE, BUT HOPED TO WORK OUT ARRANGEMENTS SOMETIME IN EARLY APRIL, HOPEFULLY BEFORE SECRETARY KREPS VISIT TO THE CITY. STOBBE GAVE US THE INFORMATION ON ACKE ON A VERY CLOSE HOLD BASIS. HE AND THE MISSION WOULD BE VERY EMBARRASSED IF THIS INFORMATION WERE TO LEAK OUT PREMATURELY. ADDRESSEES ARE ASKED TO TREAT IT WITH THE UTMOST CARE. IF ADDRESSEES HAVE INFORMATION ON ACKE, HOWEVER, WE WOULD BE INTERESTED IN RECEIVING IT AT THE TIME HE IS NAMED TO HEAD THE BERLIN ECONOMIC PROMOTION ASSOCIATION SHOULD THAT EVENTUALLY OCCUR.

5. STOBBE SET NO TIMETABLE FOR A VISIT TO THE US BY HIS "EXPERTS' DELEGATION," BUT HE EMPHASIZED THAT HE WOULD NOT RPT NOT BE A MEMBER OF THE GROUP. IMPLICIT IN WHAT HE SAID (AND WE HAVE HEAR THIS FROM OTHERS AS WELL) IS THAT STOBBE FEELS WERE HE TO GO WITH THE DELE-

GATION, TOO MUCH EMPHASIS WOULD BE PLACED ON POLITICS AND PUBLICITY AND, NOT ENOUGH TIME SPENT IN COMMERCIAL AND BUSINESS DISCUSSIONS WHICH STOBBE KNOWS ARE FUNDAMENTALLY IMPORTANT TO CONVINCE BUSINESSMEN TO COME TO BERLIN WITH THEIR BUSINESSES.

6. UNRELATED TO THE ABOVE DISCUSSION, STOBBE WAS QUOTED IN THE BERLIN PRESS ON TWO OR THREE OCCASIONS IN THE PAST WEEKS AS BELIEVING THAT 1978 WOULD BE AN OUTSTANDING YEAR FOR THE BERLIN ECONOMY. AS FAR AS WE CAN TELL, STOBBE DID NOT BASE HIS REMARKS ON FACTS AND FIGURES, AND HIS STATEMENT MAY WELL HAVE BEEN DESIGNED AS A FURTHER EFFORT TO BUILD A POSITIVE IMAGE OF BERLIN'S ECONOMIC PROSPECTS MORE THAN IT WAS MEANT

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TO BE AN ANALYSIS OF THE CITY'S IMMEDIATE PROSPECTS BASED ON HARD FACTS AND FIGURES. OTHER LESS OPTIMISTIC SOURCES HAVE INDICATED TO US THEY BELIEVE BERLIN WILL BE LUCKY TO REACH 1.5 PCT REAL GNP GROWTH IN 1978. GEORGE

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